



UNITED STATES  
DEPARTMENT OF  
AGRICULTURE

RURAL  
DEVELOPMENT

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Texas AN No. 544 (3550)

April 9, 2001

**SUBJECT:** Appraisal Policy  
Single Family Housing (SFH) Leveraged Loans

**TO:** All Offices  
USDA Rural Development, Texas

**PURPOSE/INTENDED OUTCOME:** The purpose of this Administrative Notice (AN) is to provide guidance to Loan Originators and Loan Approval Officials when accepting appraisals conducted by or on behalf of a participating lender.

The Direct Single Family Housing Programs Field Office Handbook (HB-1-3550) provides for agency loans, supplemented by a loan or grant from another funding source, which reduces the amount the Agency must provide to help a borrower obtain adequate housing.

**COMPARISON WITH PREVIOUS AN:** This AN replaces TX AN No. 524 (3550) which has expired.

**IMPLEMENTATION RESPONSIBILITIES:** Chapter 10 of HB-1-3550 specifically addresses the use of loan leveraging. Paragraph 10.9, B states that the Loan Originator may accept property inspections and appraisals conducted by the participating lender, so long as evidence of the qualifications of the individuals performing these activities is provided and accepted.

Chapter 5, Paragraph 5.16 also provides for the acceptance of another lender's appraisal.

Paragraph 5.13 makes reference to Appendix 5 for detailed guidance on how appraisals are completed for Agency use. Appendix 5 refers to Rural Development (RD) Instruction 1922-C (i.e., RD Instruction 1922-C).

Paragraph 5.18, B provides for technical reviews for the first appraisal conducted by any contract or fee appraiser. This is in agreement with RD Instruction 1922-C.

EXPIRATION DATE: 03/31/02

FILING INSTRUCTIONS:  
SFH 3550 Field Office  
Handbook, Appendix 5

USDA Rural Development is an Equal Opportunity Lender,  
Provider and Employer. Complaints of discrimination should be  
sent to: USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

In order to comply with HB-1-3550 and RD Instruction 1922-C, appraisals involving leveraged loans must:

1. Be performed by a State Licensed, State Certified Residential or State Certified General Appraiser.
2. Comply with RD Instruction 1922-C.
3. Be performed by an appraiser whose name is on the Single Family Housing BPA List for Appraisal Services.
4. If the appraiser's name is not on the SFH BPA List for Appraisal Services, the first appraisal submitted for use by the agency must have a technical review conducted by the State Appraiser prior to acceptance. Subsequent reviews may be required depending on the outcome of the initial review.
5. All appraisals will be subject to a technical review on a random selection basis, or at the request of the Loan Approval Official, or both.
6. An administrative appraisal review will be conducted by the Loan Approval Official and forwarded to the State Appraiser as provided for in paragraph 5.18, A.
7. When another lender's appraisal is accepted for use by the Agency, the loan applicant will not be charged an appraisal fee by the agency.
8. All leveraged loan applicants must provide complete plans and specifications as required by RD Instruction 1924-A, (i.e., RD Instruction 1924-A).
9. The appraisal report is not a substitute for preliminary reviews or inspections by State-licensed inspectors as required in Chapter 5 of HB-1-3550.

Please call Pat Sultenfuss, State Appraiser, at (254) 742-9791, if you have any questions or concerns.

/s/ Richard L. Perryman

RICHARD L. PERRYMAN  
Acting State Director